

THE CALIFORNIA DEBT AND
INVESTMENT ADVISORY COMMISSION
AND *THE BOND BUYER* PRESENT

**WILL THE AMERICAN
RECOVERY AND
REINVESTMENT
ACT RESUSCITATE
THE ECONOMY?**

SEPTEMBER 14, 2009 | LACOSTA RESORT | CARLSBAD, CALIFORNIA

California Debt and Investment Advisory Commission

COMMISSION OVERVIEW

The Legislature created the California Debt and Investment Advisory Commission (CDIAC) to assist state and local agencies with the issuance, monitoring, and management of public debt and the investment of public funds through its research and technical assistance programs. CDIAC also acts as the state's clearinghouse for public debt issuance information.

COMMISSION MEMBERS

Bill Lockyer
*California State Treasurer
and Chair*

Arnold Schwarzenegger
Governor

John Chiang
State Controller

Dave Cox
State Senator

Carol Liu
State Senator

Anna Caballero
Assemblymember

Ted Lieu
Assemblymember

José Cisneros
*Treasurer and Tax Collector
City and County of
San Francisco*

Jay Goldstone
*Chief Operating Officer
City of San Diego*



CALIFORNIA DEBT AND INVESTMENT ADVISORY COMMISSION
915 Capitol Mall, Room 400 | Sacramento, California 95814
916.653.3269 | cdiac@treasurer.ca.gov | www.treasurer.ca.gov/cdiac

Agenda

8:30 AM REGISTRATION

9:00 AM WELCOME AND INTRODUCTION

Mike Stanton
Publisher, The Bond Buyer

John Decker
Executive Director, CDIAC

9:40 AM ARRA AND THE CALIFORNIA STATE TREASURER'S OFFICE

Blake Fowler
*Director, Public Finance Division,
California State Treasurer's Office*

10:00 AM BREAK

10:15 AM PANEL 1: ASSESSING THE UNDERLYING HEALTH OF THE ECONOMY AND THE CALIFORNIA PUBLIC FINANCE MARKET

In late June, California's unemployment rate was 2 percentage points higher than the national average, an unusual experience for California. How long and how deep will the recession be for California? When recovery comes, what will be the first signs of economic expansion?

The state's short-term loans came to a screeching halt in December 2008 because the state's access to credit was limited by the global liquidity constriction and conditions in the credit-rating market. Lately, however, there are some encouraging signs that the credit markets are unfreezing. Under what circumstances will California's governments have improved access to short term credit?

The state's budget problems continue to percolate. How is the 2009-10 budget holding up? What's in store for 2010-11?

Carol Lew
Partner, Stradling Yocca Carlson and Rauth

Emily Raimos
Vice President/Senior Analyst, Moody's Investor Service

Mac Taylor
Legislative Analyst, State of California

11:30 AM LUNCH

12:30 PM PANEL 2: IS ARRA HAVING A MEASURABLE
EFFECT ON THE MUNICIPAL MARKET?

ARRA was intended to provide a wide range of investment and financing opportunities. State and local governments are expected to account for the stimulative effects of the ARRA-authorized instruments. In less than eight months after its enactment, how should ARRA's success in resuscitating and expanding the economy be assessed?

- Is there a component of the legislation that is key to economic recovery in California?
- Are California governments implementing ARRA as was intended by Congress?
- To what extent are new investors attracted to the municipal market by ARRA-authorized debt instruments?
- Is there any evidence that the municipal finance market is recovering? To what extent would it have recovered without the adoption of ARRA?
- Are the BABs different in kind or effect from traditional tax-exempt debt? Do they attract different investors? Has the state's BAB had a stimulative effect on the economy?

Eileen Gallagher
Managing Director, Public Finance, Stone & Youngberg

Russell Goings
Managing Director, Cabrera Capital Markets LLC

Cadmus Hicks
Managing Director, Nuveen Investments

Nat Singer
Managing Director, Swap Financial Group

2:00 PM BREAK

2:15 PM THE LAST WORD: WHAT ARE THE PROSPECTS FOR A RETURN TO “NORMALCY” IN THE MUNICIPAL CREDIT MARKETS?

The need for municipal credit persists. The markets will recover. When the markets recover will we recognize the protocols and the instruments?

Tim Schaefer
Founder and Principal, Magis Advisors

3:00 PM ADJOURN

SPEAKER PRESENTATIONS

Speaker presentations are available on our web site one week before the seminars at:

www.treasurer.ca.gov/cdiac/seminars/asp.

Updated presentations and any additional reference materials will be posted one week after the seminars.

To access archived speaker presentations, please visit:

www.treasurer.ca.gov/cdiac/workshops.asp.

STAY INFORMED

To register for CDIAAC's seminar notification service, please go to:

www.treasurer.ca.gov/cdiac

Click on: “Sign Up to Receive Information on CDIAAC Seminars and Publications”

Announcements for CDIAAC seminars will provide recipients with the opportunity for early registration. Notifications will contain links to agendas and payment information featured on CDIAAC's website.

About the American Recovery and Reinvestment Act

At the start of 2009, California's economy continued to slow and its municipal finance market functioned poorly. Nor was California alone among the states facing these problems.

In response to federal concerns about the recession and municipal finance market, Congress and the Obama Administration approved a financial package with ambitious goals for spurring economic recovery. The package, entitled the American Recovery and Reinvestment Act (ARRA), created new municipal bond instruments and made temporary changes to tax credit programs.

Congress directed much of the stimulus package to state and local governments, and insisted that they be subject to an unprecedented level of evaluation and assessment for the economic gains associated with the incentives. To what extent are California's governments using these new tools? Are the new tools making an impact on the state's economy? What will be the long-term effect?

About the Pre-Conference

For the eighth year, CDIAC in partnership with The Bond Buyer have presented a pre-conference seminar to complement the annual California Public Finance Conference. From conduit financing to disclosure to OPEBs, pre-conference topics covered a broad range of public market topics.

This year, the partnership presents an agenda of distinguished speakers who will discuss the State of California's economy, how it is responding to the American Recovery and Reinvestment Act and how Recovery Act bond programs are faring as they are being used by public agencies. Market representatives will analyze the programs created by ARRA that make low-cost financing available to state and local governments. Panelists will share their experiences to help others identify potential hurdles and advantages of the ARRA municipal market programs.

Speakers

JOHN DECKER

Executive Director, California Debt and Investment Advisory Commission

State Treasurer Bill Lockyer appointed Mr. Decker as the commission's director in January 2007. He manages a staff of 20 researchers, data and graphics specialists and education coordinators. Prior to the commission, Mr. Decker served the State Legislature in a variety of fiscal capacities, including chief fiscal advisor for two Assembly Speakers and the Senate Minority Leader. Mr. Decker teaches budgeting at the Goldman School of Public Policy at the University of California in Berkeley, and has been a research fellow at the Rockefeller Center in Bellagio, Italy and at the Institute of Governmental Studies in Berkeley. His book, *California in the Balance: Why Budgets Matter*, will be published by the institute later this month.

BLAKE FOWLER

Director, Public Finance Division, State Treasurer's Office

Mr. Fowler is the Director of the Public Finance Division of the State Treasurer's Office, where he is responsible for overseeing the division that sells the State's general obligation bonds, commercial paper, and revenue anticipation notes issued to meet the State's cash-flow needs. This division also manages the State's overall debt portfolio and serves as the State's liaison to credit rating agencies. Mr. Fowler has 14 years of public finance experience.

Prior to joining the State Treasurer's Office in 2006, Mr. Fowler worked for the California Infrastructure and Economic Development Bank (I-Bank) as the Assistant Executive Director. In this capacity he was responsible for overseeing all operations and activities of the I-Bank from 2000-2006. Mr. Fowler is a graduate of California State University, Chico with a Bachelors degree in Business Administration with an emphasis in Finance.

EILEEN GALLAGHER

Managing Director, Public Finance, Stone & Youngberg LLC

Ms. Gallagher is a Managing Director with Stone & Youngberg, a San Francisco-based investment bank specializing in municipal bonds. Since joining the firm in 1998, Ms. Gallagher has structured financings for a variety of state and local government issuers in

California and Nevada. Her financing experience includes lease-backed, enterprise revenue, redevelopment, land-secured, general obligation and pooled revenue credits.

Before joining Stone & Youngberg, Ms. Gallagher drafted legislation and policy on federal housing, transportation and infrastructure programs as a staff member to the U.S. Senate Banking, Housing and Urban Affairs Committee. She also served in the Clinton Administration in the U.S. Treasury Department.

Ms. Gallagher currently serves on the Board of Directors of the Tenderloin Neighborhood Development Corporation (TNDC), a non-profit housing provider in San Francisco and serves as a docent for the Depression-era murals in San Francisco's Coit Tower.

Ms. Gallagher earned a Bachelor of Arts in cognitive science from Brown University and an M.B.A. in finance and marketing from Northwestern University's Kellogg Graduate School of Management.

RUSSELL L. GOINGS, III

Managing Director, Cabrera Capital Markets LLC

Mr. Goings has more than 20 years of experience in municipal capital markets. He has transaction experience with a wide range of financing vehicles, including taxable general obligation bonds, benefit assessment bonds, special tax obligations, certificates of participation, industrial development bonds, revenue bonds and tax-exempt commercial paper. Mr. Goings' investment banking clients have included: the State of California, the cities of Los Angeles, Stockton, Fresno, Compton, Oakland, Richmond, and Long Beach; the counties of Sacramento, San Diego, Contra Costa, and Los Angeles; and political subdivisions such as the Los Angeles County Metropolitan Transportation Authority and World Port of Los Angeles.

Prior to joining Cabrera Capital Markets, Mr. Goings was a senior vice president with First Southwest Company. During this time, Mr. Goings served as manager on over \$9.4 billion in financings, which included issues for the State of California, California Infrastructure and Economic Development Bank, and the redevelopment agencies of the cities of Carson and Inglewood. In addition, Mr. Goings has served as the financial advisor to the Port of San Diego since 1993. During this time he has overseen the issuance of airport revenue bonds, port revenue bonds, com-

mercial paper and taxable lease revenue bonds in which the Port acquired a San Diego Gas & Electric's South Bay Power Plant located in Chula Vista.

CADMUS HICKS, CFA, PHD

Managing Director, Nuveen Investments

Mr. Hicks is a managing director of Nuveen Investments, where he serves as Investment Strategist in support of the firm's municipal bond funds and accounts. He is also responsible for analyzing performance and reporting on developments in the municipal market that affect performance.

Mr. Hicks has been a research analyst with Nuveen since 1980. He has written extensively on a broad array of topics that include tax policy regarding municipal bonds, regulation of the municipal market, credit issues, attribution analysis and investment strategies for individuals. As a credit analyst he initiated his firm's coverage of tobacco bonds, and he contributed a chapter on tobacco bonds to *Bond Credit Analysis: Framework and Case Studies*, (Frank Fabozzi Associates, 2001). He wrote a chapter on attribution analysis for *Readings in Fixed Income Performance Attribution* (TSG Publishing, 2008), and a chapter on inverse floating rate securities for *The Handbook of Municipal Bonds* (John Wiley & Sons, 2008). He is the current president of the Society of Municipal Analysts, a past president of the Chicago Municipal Analysts Society and a former Board member of the National Federation of Municipal Analysts and has served on an advisory committee of the Governmental Accounting Standards Board.

Mr. Hicks is a Chartered Financial Analyst and holds a PhD in Classics from Northwestern University, an MA in Ancient History from the University of Chicago and an undergraduate degree from Wheaton College (in Illinois).

CAROL L. LEW

Partner, Stradling Yocca Carlson and Rauth

Ms. Lew is nationally recognized for her work on federal income tax issues relating to tax-exempt debt financing. She has a great deal of related expertise in financial transactions and nonprofit issues, and more than 21 years of experience practicing federal tax law relating to municipal finance.

Ms. Lew received her J.D., *magna cum laude*, in 1986 from the University of California, Hastings College of Law, where she was inducted into the Order of the Coif and the Thurston Society. She received her B.A., *summa cum laude*, from California State University, Northridge, in 1983.

Ms. Lew is a past president of the National Association of Bond Lawyers, having previously served as President, chair of its 2000 Tax Seminar and as a member of the steering committee for its Bond Attorneys Workshop. She is a previous chair of the American Bar Association's Taxation Section's Tax Exempt Financing Committee and vice chair of that committee. She has served on the executive committee of the State Bar of California's Taxation Section, as Editorial Chief of Federal Taxation of Municipal Bonds, and on the Technical Advisory Committee of the California Debt Investment Advisory Commission.

EMILY RAIMES

Vice President/Senior Analyst, Moody's Investors Service

Ms. Raimes is a member of Moody's State and High Profile Ratings team, based in New York, and is the lead analyst for the states of California, New York, Puerto Rico, Nevada, Louisiana, and Delaware.

Prior to joining Moody's in the beginning of 2006, Ms. Raimes spent seven years at the New York City Office of Management and Budget, working primarily in Economic Analysis. Emily holds a BA degree in government from Wesleyan University and a Master's in Public Administration from New York University.

TIM SCHAEFER

Founder and Principal, Magis Advisors

Mr. Schaefer is the founder of Magis Advisors, a public finance consulting firm in Orange County, California. He has more than forty years of experience in the municipal securities industry.

Prior to entering the financial advisory field, Mr. Schaefer managed the national municipal trading desk at Chemical Bank in New York City. He also managed the Public Finance Division of Bank of America in San Francisco.

He served more than twenty years on the Technical Assistance Committee to the California Debt and Investment Advisory Commis-

sion (including three terms as its chairman) and three years as a private sector advisor to the Standing Committee on Governmental Debt of the Government Finance Officers Association.

He is a co-author of the California Public Funds Investment Primer, published by CDIAC in 2006 and has authored a number of articles on the field of municipal finance.

Tim is a member of the California Society of Municipal Analysts, the Risk Management Association, the Government Finance Officers Association, and the International City Management Association. He is a registered investment advisor representative.

NATHANIEL R. SINGER

Managing Director, Swap Financial Group

Mr. Singer joined Swap Financial Group in January 2008 after spending 21 years at Bear Stearns. Mr. Singer was formerly the head of Bear Stearns' Municipal Derivative Products Group and Chief Operating Officer of the Municipal Bond Department from 1998 to 2007. In these roles, he was responsible for the design and implementation of innovative financial products to help municipal issuers lower their debt service cost, increase earnings on assets and hedge interest rate risk. Mr. Singer also managed Bear Stearns' Tender Option Bond program. Prior to joining the Municipal Derivative Products Group, Mr. Singer managed Bear Stearns' proprietary tax-exempt bond position from 1987 to 1998 and served as National Sales Manager for the Municipal Bond Department from 1995 to 1998.

He is a frequent speaker on topics relating to both the municipal cash market as well as the derivatives market, and has authored numerous papers focusing on financing and trading opportunities in the municipal market.

Mr. Singer received a B.S.E. in Civil Engineering from Princeton University in 1983.

MIKE STANTON

Publisher, The Bond Buyer

Mr. Stanton is an expert on municipal finance, including tax-exempt bonds, debt derivatives and public-private partnerships for major public infrastructure projects. He is knowledgeable about many

“behind the scenes” aspects of the capital markets, including bond insurance and the credit-rating agencies. Prior to taking the helm of the Capital Markets Group in August 2008, he had spent his entire professional career at The Bond Buyer, joining the paper as a reporter covering Wall Street business strategies and bond insurance. He became its youngest-ever editor-in-chief in 1999, and later ran its conferences unit. He was named publisher, managing all business and editorial operations, in 2005.

Mr. Stanton is a graduate of Columbia University and holds an MBA from Harvard Business School.

MAC TAYLOR

Legislative Analyst, State of California

Mr. Taylor was appointed to the position of Legislative Analyst in October 2008, as the fifth person to serve in that capacity since the office was founded in 1941. In his 30-year career with the office, he has served in various capacities:

- Program Analyst. He worked in the tax area (primarily income-related taxes), authoring reports on state and local spending limits, tax expenditure programs, and tax auditing issues.
- Section Head. Mac managed the General Government section in the office, covering a wide variety of assignments (retirement, employee compensation, labor issues, and housing).
- Deputy. He served for 17 years as deputy to the prior Analyst, Elizabeth Hill, overseeing the work of the K-12 Education, Higher Education, Local Government, State Administration, and Economics and Taxation sections.

As Legislative Analyst, Mr. Taylor serves as the nonpartisan fiscal advisor to both houses of the California Legislature and oversees the preparation of annual fiscal and policy analyses of the state’s budget and programs. His office is also responsible for preparing impartial analyses of all initiatives and constitutional measures qualifying for the state’s ballot.

Mr. Taylor earned a bachelor’s degree, with highest honors, in political science from the University of California, Riverside, and a master’s degree in public affairs from Princeton University. He serves on the State-wide Leadership Council of the Public Policy Institute of California.

About CDIAC

CDIAC provides information, education, and technical assistance on public debt and investments to local public agencies and other public finance professionals.

The Commission:

- Maintains a comprehensive database on the issuance of all California debt by state and local issuers. Interested parties may access this database at CDIAC's website.
- Publishes *DEBT LINE*, a monthly online newsletter, which provides articles and lists all proposed and sold municipal financings.
- Publishes an annual report which includes a summary of the previous years' activities, a calendar of issues, and a summary of debt issuance within California listed by issuer, purpose, and type of debt instrument.
- Publishes the *California Debt Issuance Primer*, a comprehensive debt financing handbook covering topics such as types of debt financing instruments, key terms and concepts, and roles of principal players.
- Publishes a summary of bond and tax measures considered by the voters at General and Primary Elections.
- Sponsors seminars such as *Fundamentals of Debt Financing* and *Mechanics of a Bond Sale* for government officials. The Commission staff can arrange seminars in your area. Contact John Decker at 916.653.3269.
- Provides technical assistance and debt issuance information to public agencies, as well as to all sectors of the municipal finance industry. Please call 916.653.3269 for technical assistance.
- Conducts research studies and prepares issue briefs and reports on topics related to municipal debt issuance and public fund investment. Among its recent publications are *An Overview of Local Government General Obligation Bond Issuance*

Trends and Questions for Public Agencies Considering Public-Private Partnerships.

Participants in CDIAC seminars may receive continuing education credit. Please see the registrar to sign in and receive your certificate of attendance.

For more information about CDIAC services and our upcoming seminar schedule please visit www.treasurer.ca.gov/cdiac or call 916.653.3269.

CDIAC PUBLICATIONS

CDIAC publications provide information on public finance subject matter pertinent to debt-issuance and public-investment related functions of a public agency.

DEBT ISSUANCE-RELATED PUBLICATIONS

California Debt Issuance Primer

Other Debt Issuance-related publications by principal subject matter include:

- Analyses of Debt Financings
- Components of Debt Financing
- Disclosure
- Interest Rate Swaps
- Land-Secured Financing (Assessment District Financing/Mello-Roos Financing)
- Mello-Roos Financing
- Municipal Leasing
- OPEBs and GASB 45: A Question and Answer Guide
- Public-Private Partnerships
- Qualified Zone Academy Bonds (QZABs)
- Quick Reference Guide to Debt Issuance and Public Fund Investment Seminars
- Recurring Reports, including:
 - Annual Debt Issuance Data
 - Marks-Roos Fiscal Status Reports

- Mello-Roos Community Facilities Districts
Yearly Fiscal Status Report
- State and Local Bond and Tax Ballot Measures

INVESTMENT RELATED PUBLICATIONS

California Public Fund Investment Primer

Local Agency Investment Guidelines (2008 update)

Other Investment-related publications by principal subject matter include:

- Investment of Bond Proceeds
- Investment Practices
- Reporting Practices

All CDIAC publications can be viewed and downloaded from CDIAC's website at no cost at www.treasurer.ca.gov/cdiac. Printed publications are available at minimal cost.

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SEMINAR NOTES

9:40 AM ARRA AND THE CALIFORNIA STATE TREASURER'S OFFICE

SEMINAR NOTES

10:15 AM PANEL 1: ASSESSING THE UNDERLYING HEALTH OF THE
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Upcoming CDIAC Seminars

OCTOBER 1-2, 2009

DEBT SEMINAR 1: FUNDAMENTALS OF DEBT FINANCING
Concord Hilton | Concord, California

OCTOBER 8-9, 2009

SOLAR ENERGY: PUBLIC FINANCING OPTIONS
FOR CALIFORNIA'S LOCAL GOVERNMENTS
Oakland Marriott | Oakland, California

OCTOBER 22-23, 2009

ADVANCED CONCEPTS AND PRACTICES
FOR INVESTING PUBLIC FUNDS
Wyndham San Jose | San Jose, California

FEBRUARY 4-5, 2010

DEBT SEMINAR 2: MECHANICS OF A BOND SALE
Oakland Marriott City Center | Oakland, California

MARCH 11-12, 2010

DEBT SEMINAR 3: LIVING WITH AN ISSUE:
ONGOING DEBT ADMINISTRATION
Doubletree Hotel, Berkeley Marina | Berkeley, California

MARCH 26, 2010

FUNDAMENTALS OF LAND-SECURED FINANCING
Hilton Ontario | Ontario, California

APRIL 9, 2010

ABCs OF SCHOOL DEBT FINANCING
Hilton Concord | Concord, California

MAY 21, 2010

THINKING OF DIVING INTO A BOND POOL?
Renaissance Long Beach Hotel | Long Beach, California

**To view information about CDIAC's upcoming seminars, visit:
www.treasurer.ca.gov/cdiac/seminars.asp**